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"Getting from Here to There: Creating the New American Health Care System", Health Policy Week Conference

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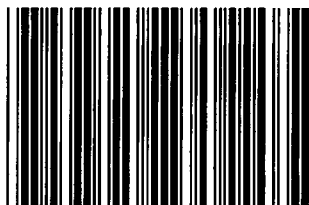
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FOR IMMEDIATE RELEASE
April 3, 1992

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GETTING FROM HERE TO THERE: CREATING
THE NEW AMERICAN HEALTH CARE SYSTEM

Senator Max Baucus

Delivered to the Health Policy Week Conference
April 3, 1992

All of you who are here today know about the sea change that has begun to take place in health care. You know the numbers and the costs; the outline of the policy debate that has taken this country by storm. But, I suspect none of us knows just yet, the full magnitude of the feelings the American people have about this issue.

In a way, many of you have been waiting for the American people to catch up: to recognize the magnitude and scope of the problem; to finally, at long last, engage in the debate. And, as we all know, the American people have caught up with a vengeance.

The status quo on health care as we have known it in the last decade is now history. The American people have made a decision. They are no longer willing to live with the shortcomings in our system. They consider it broken. And, it is my belief that they want more than a few, incremental changes at the margins.

For most Americans too much is at stake. They have parents who are getting old. Children who are getting sick. Insurance companies keep raising their premiums. And, their employers are telling them that their benefits are on the negotiating table -- or worse, that they are out of a job and no longer have any health insurance.

Health care has become an explosive, visceral issue. An issue which affects every single American who struggles to cope with the rising costs for basic health care. And it's not an issue that will just die or fade away until the next election cycle. The anger, frustration and sheer worry that animates voters is simply too extreme to be just bottled up and put on the shelf.

So the question for us is how do we channel this widespread demand for change swelling up from the American people, into practical, meaningful solutions? We know the policy outline: costs are out of control. Access to high quality care is a privilege. "Cherry picking" now seems to be an accepted practice in the insurance industry. This we all know.

The dilemma now is to sort out the complexities of the issue, to create a process that leads to the beginning of a national consensus. At the same time, however, we must also begin to identify practical steps we can take in the immediate that will help us find that consensus.

But as we think through this enormously complex and explosive issue we need to put it in a larger context.

The shape of American politics as we have known it in the last three decades is changing right before our eyes. We are at a political watershed; where what is, is no longer acceptable; where what will be, is yet to be defined.

In the 1960's we elected Presidents who believed in using the power of government -- Kennedy, Johnson and Nixon. America was much more wealthy, and optimistic, then. We sometimes forget that almost twenty years ago, Richard Nixon supported legislation backed by Wilbur Mills requiring employers to offer health insurance. Think of it -- but for Watergate and Fanny Fox, we might be a lot further along in this debate then we today.

In the 1970's -- the Post Viet Nam era -- and the 1980's -- the big party -- voters went the other way and elected Presidents who questioned the very essence of government. They believed the less government, the better. Ford, Carter, Reagan and George Bush.

Now, the American people are searching for something new. They do not want re-runs. It will not be back to the 60's and it will not be more business as usual. We are at a different place in American politics. Now Americans are realizing that the future of our nation, compared with that of others, is less secure. They are wondering if we have the wherewithal to solve all of our problems.

Oliver Stone's movie "JFK", Jerry Brown's candidacy, Ross Perot's sudden emergence as a force in Presidential politics, and the American people's concern about health care share one great commonality. They all express a visceral feeling held by Americans that they have been cut out of the process; that they have not been part of a decision-making system that is run by experts they do not trust.

For years, the American people were warned about the dangers of the "military industrial complex." It is not too far fetched to suggest that they are now very rapidly coming to the conclusion that the "insurance and health-providers complex" is well on its way to becoming the new center of power that the American people will not trust.

For example: People no longer accept their hospital bills without question. They object to 50 percent premium increases in their health insurance policies. They don't believe they should pay hundreds of dollars for prescriptions. And they're getting mad.

Our patchwork system of health care has become so fragmented, the different parts are working at cross purposes. Insurance companies fight with hospitals and doctors about how much to pay. Medicaid fights with insurance over who should pay. Medicare will pay for some things in some settings but not others. The front page of last Sunday's New York Times had a story on employers who avoid paying medical claims by self-insuring -- and the courts are permitting this.

And who loses in all this? The consumer. The patient. The voter. The customer. 250 million Americans who are demanding real change.

The American people are telling us in no uncertain terms that they want in on the decision making process. They are no longer willing to accept the stalemate between the Executive branch and Congress that has defined Washington politics for much of the 1980's. And, they are no longer willing to concede health care decisions to the powerful special interests. The stakes are too high for them to let faceless accountants and lawyers figure it out.

The American people are also saying, don't play at the margins. No band-aids or scotch tape. Do it right the first time. The American people are in no mood to pussy-foot around with half-compromises; half-promises; or half-solutions. They know America is in trouble and they want solutions that produce real results.

If there is one message the American people are telling us it is this -- get on with the business of rebuilding America and get it done now. There is little toleration for politics as usual.

The American people know we are getting beat in the world market. They know this country is in trouble. And, they know that American businesses can't compete globally when its health costs are skyrocketing; when it costs \$700 per car produced to cover one auto worker in the States but only \$250 in Canada or Japan.

I believe this new urgency to deal with fundamentals -- to solve problems before they become unsolvable for our children -- is good for the country. And, I believe it goes hand-in-hand with reforming our health care system.

Despite this ever increasing demand for change, we need to recognize that there is no national consensus on what shape health care reform should take. There is an enormous gap between the President's proposed incremental reforms and the concept of universal, affordable, national health care that the people are demanding.

The truth of the matter is that the national debate on health care is really only getting started. In the Senate there are significant differences regarding the pace and scale of reform.

The Chairman of the Finance Committee, Lloyd Bentsen, is for sure, steady progress toward comprehensive reform; one step at a time. And, I will support him in that. I do not subscribe to the point of view that we should do nothing until we can pass a single bill that will completely replace the existing system. There are many, many changes that can be made to improve the system that are not inconsistent with restructuring. But there are others who do want to move much more quickly.

And quite frankly, we have a President who has failed to provide the type of leadership needed to address this issue. A President who was forced to stop the presses on his budget seven months ago because he was unable to come up with an agreement within his own party on how to proceed.

Health care is such a large problem, and it affects everyone so dearly, that it defies the American penchant for the quick fix that satisfies everyone. And the closer any piece of legislation moves to becoming law, the more every interested party sharpens its pencil and starts adding up what it will cost them.

That is a polite way of saying that there are a thousand vested interests on this issue -- and all of them have the same easy temperament of a charging buffalo herd. It's daunting.

An \$800 billion industry is not going to go in a new direction overnight. And, more than a few of us remember what happened when Congress, with the best of intentions, voted for Catastrophic Health Care in 1989.

Another factor to be considered is that many of the institutional interests and players that want to be at the table on health care have yet to fully sort out their own agenda. And, they probably will not until they have a better sense of the playing field.

Just as the American people are demanding change in the status quo in government, leaders of special interest groups -- hospitals, doctors, insurance and many others -- must begin to look at the bigger picture. Those leaders must recognize that the demand for major reform goes well beyond their own individual interests. It is critical that everyone involved, be willing to look down the road and be willing to give something up.

It will take us some time in Congress to sort out the complexity of this issue -- to find that pattern of consensus that the majority of Americans across the nation will support, and even more importantly, that they'll be willing to finance.

After all, financing is the key to all this. We would all be happy to have all the most advanced medical technology in every town for every person at no cost. Health spending has already reached 14 percent of GNP. It could, in theory, take up 20 or 30 or 40 percent. Or more. But as a society, as an economy, we just can't sustain that. We can't have everything we want. We have to set limits.

One state has ventured down the road of setting limits in a courageous way. Oregon has taken a first step in trying to define how it will allocate scarce health care resources to all of its residents.

Oregon is one of many examples of what can be done in the states. Indeed, it is in the states that we may have the best chance of beginning to find a pattern of consensus that will lead to the national consensus we are seeking; of finding models for good health care that can have the full support of the American people.

Hawaii has had a universal health insurance in place covering 95% of its residents since 1974. It's a model with an 18 year track record and a model that has just been expanded.

California, the motherland of all initiatives, will, in all likelihood, have a statewide initiative on the ballot regarding comprehensive health care this November.

Gov. Booth Gardner out in Washington State has just expended an enormous amount of energy in the current legislative session pushing for a comprehensive "pay or play" package along with strong cost control measures.

Florida has just passed a health care plan signed by our former colleague Lawton Chiles that will cover everyone in Florida by 1994.

The states are acting. They are creating comprehensive health care models. Massachusetts, New Jersey, Missouri, Colorado, New York and others are all in the thick of it -- trying to move toward universal coverage, controlling costs, creating models of single payer framework, and making health care affordable and accessible to all their residents.

I believe the most important, immediate, and practical step we can take to make quality health care a reality for all Americans in the 1990's is to encourage and support this type of innovation at the state level. I say so for several reasons.

First, any national health insurance plan should probably be administered by the states. That is a concept already embedded in most of the national health insurance legislation already moving through the Congress. The states are going to be significant players and will remain so under any national plan.

Second, as states design models of health care to fit the needs of their residents, we will see a pattern of consensus emerging that will give us a better picture of how a comprehensive national model can be created, and what works and what doesn't. Put simply, they can do the hands-on work necessary to get the kinks out of the system.

Third, the states have often been our laboratories of innovation.

Fourth, any type of health reform in the states will require a political consensus to be formed that passes the reality test, the test of viability. The people are going to be fully involved in the decision making process. No Governor is going to sign legislation into law that will lead to his or her defeat. And it is clear that in all parts of the government, people are not hesitating to throw out their elected officials if they aren't satisfied with their work.

As the states move forward and come on line with new models of universal coverage their progress will surely tell us the pulse of the nation; what Americans want and what they will pay for.

All these factors lead me to believe that in the immediate future we need to encourage and support the states in their efforts to innovate. If we want to design a comprehensive national health care model that fits America in the 1990's we need to test various models in the states first.

Congress must be responsive to such innovation and put in place enabling legislation that allows existing federal funding sources to be flexibly incorporated in these models -- to "fast track" state innovation efforts.

I support the concept of a single payer system. It's efficient. It's fair. It may be the ONLY way we'll be able to achieve universal coverage. But to find consensus on the best model of what works we need practical tests. That is done best in the states.

That means additional federal funding should be earmarked to support innovation; states should be granted ERISA waivers; they ought to be granted waivers that will allow them to "de-link" medicaid from welfare, and to integrate Medicare billing into state-run single payer systems.

The federal role must remain very strong in terms of diligent oversight, technical assistance, and financial support. In order to qualify, states will have to prove that they are ensuring access to a higher percentage of their residents; that health care coverage is affordable; that fair, effective, and appropriate care is available.

But we have got to give the states some flexibility to see what works in the real world. This is how we will find ways to manage costs and allocate resources effectively and fairly. If the Administration is unwilling to grant the states waivers and real funding for innovation, then its commitment to health care will be seen as more than a little hollow.

President Bush has proposed that we spend \$100 billion over the next five years to encourage private insurance coverage. I see no reason why some portion of that funding, say 20%, cannot be set aside to encourage state innovation. Innovation that will surely include private insurance coverage.

I believe as we go forward in defining health care in the 1990's we have a rare opportunity to respond to what the American people are telling us. They want change. They want results. They want peace of mind. They want high quality, affordable, accessible health care.

But we Americans are also an immensely practical people who believe in getting things done right. If we want to get it right when it comes to health care let us get on with the immediate and practical business of testing what works and what doesn't work.

The post cold war period we are in lends itself to a focus and fix-it time. We've relaxed the past 45 years. Now it's time to get our act together. The time for talking is over. It is only by experimenting, innovating and taking chances that we will be able to get from here to there and create a new American health care system.

Thank you.